

**COST APPORTIONMENT METHODOLOGY**  
Operating Revenues

<b>USOA - Part 32 Account</b>	<b>Cost Pools</b>	<b>Cost Pool Apportionment Basis</b>	<b>Regulated/Nonregulated Apportionment Basis</b>	<b>Cost Definition</b>	<b>Comments</b>
5001 - 5004 Operating Revenues	<b>Nonregulated</b>	<b>Revenue Analysis</b>	<b>Directly Assigned to Nonregulated</b>	<b>Directly Assignable</b>	Revenues in this cost pool are derived on the basis of an analysis of nonregulated revenue transactions.
	Other (Non-Telecommunications)	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to non-telecommunications activities.
	Telecommunications	<b>Residual of Account</b>	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to telecommunications activities.
5010 Public Telephone Revenues	<b>Cost Pool Equals Account</b>	_____	<b>Directly Assigned to Nonregulated</b>	<b>Directly Assignable</b>	This account is directly assigned to nonregulated pursuant to the Order in CC Docket No. 96-128 which required payphone equipment to be reclassified to nonregulated operations.
5040 - 5169 Operating Revenues	<b>Nonregulated</b>	<b>Revenue Analysis</b>	<b>Directly Assigned to Nonregulated</b>	<b>Directly Assignable</b>	Revenues in this cost pool are derived on the basis of an analysis of nonregulated revenue transactions.
	Other (Non-Telecommunications)	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to non-telecommunications activities.
	Telecommunications	<b>Residual of Account</b>	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to telecommunications activities.

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USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
5230 Directory Revenue	Telecommunications	Cost Pool Equals Accounts/ Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to telecommunications activities.
	Other (Non-Telecom- munications)	Cost Pool Equals Accounts/ Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to non- telecommunications activities.  This account contains no nonregulated revenue. Revenue associated with yellow pages publishing activities are booked by the AOCs' publishing affiliate.
5240 - 5270 Operating Revenues	Telecommunications	Cost Pool Equals Accounts/ Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to telecommunications activities.
	Other (Non-Telecom- munications)	Cost Pool Equals Accounts/ Subaccounts	Directly Assigned to Regulated	Directly Assignable	Revenues in this cost pool represent only Regulated Operating Revenues related to non- telecommunications activities.
5280 Nonregulated Operating Revenue	Cost Pool Equals Account	_____	Directly Assigned to Nonregulated	Directly Assignable	This cost pool includes all revenues derived from nonregulated activities involving the joint or common use of assets or resources. Corresponding debit entries for tariffed services provided to a nonregulated activity and nonregulated inventory adjustments are also charged to this account.
5301 Uncollectible Revenue - Telecommunications	Cost Pool Equals Account	_____	Relative Regulated/Nonregulated Telecommunications Operating Revenues	Indirectly Attributable	
5302 Uncollectible Revenue - Other	Cost Pool Equals Account	_____	Relative Regulated/Nonregulated Other Operating Revenues (Non-Telecommunications)	Indirectly Attributable	

**COST APPORTIONMENT METHODOLOGY**  
Plant Specific Operations Expense

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
6341 Large Private Branch Exchange Expense	Regulated  Nonregulated  Common Unknown Trouble (No-Access) /No-Trouble-Found	Not Applicable  Cost Pool Equals Account  Not Applicable	Directly Assigned to Regulated  Directly Assigned to Nonregulated  Trouble Report Analysis: The regulated component of the apportionment basis equals 75% of the ratio of regulated trouble counts cleared, to total trouble counts cleared. One hundred percent minus the regulated ratio calculated above represents the nonregulated component of the apportionment basis.	Directly Assignable  Directly Assignable  Indirectly Attributable	Not applicable to the Ameritech operating companies.  Included in this cost pool is nonregulated Large Private Branch Exchange Expense travel time.  Large Private Branch Exchange Expense labor associated with Unknown Trouble (No-Access) /No- Trouble-Found is directly assigned to the Nonregulated cost pool in this account.
6351 Public Telephone Terminal Equipment Expense	Cost Pool Equals Account	_____	Directly Assigned to Nonregulated	Directly Assignable	Nonregulated Public Telephone Terminal Equipment associated with Ameritech's Inmate Services is classified as nonregulated pursuant to the Commission's Declaratory Ruling in RM-8181, Released February 20, 1996. Other payphone equipment is classified as nonregulated pursuant to CC Docket No. 96-128, Released September 20, 1996.
6362 Other Terminal Equipment Expense	Regulated	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	Included in this cost pool is directly assignable regulated Other Terminal Equipment Expense travel time. Additionally, 50% of Other Terminal Equipment Expense combination travel time is assigned to this pool.

**COST APPORTIONMENT METHODOLOGY**  
Plant Nonspecific Operations Expense

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
6533 Testing Expense	Subscriber Line Testing: Regulated	Cost Pool Equals Subaccount	Directly Assigned to Regulated	Directly Assignable	This cost pool consists of costs related to Regulated Subscriber Line Testing identified through time and expense reporting to a subaccount.
	Subscriber Line Testing: Shared	Cost Pool Equals Subaccount	Trouble Report Analysis	Directly Attributable	
	Service Order Testing	Cost Pool Equals Subaccount	Service Order Analysis	Directly Attributable	This cost pool consists of costs related to Service Order Testing identified through time and expense reporting to a subaccount.
	Interoffice Testing	Cost Pool Equals Subaccount	Directly Assigned to Regulated	Directly Assignable	This cost pool consists of costs related to Interoffice Testing identified through time and expense reporting to a subaccount.
	Public Telephone Testing	Cost Pool Equals Subaccounts	Directly Assigned to Nonregulated	Directly Assignable	This cost pool consists of costs related to Public Telephone Testing identified through time and expense reporting to subaccounts.
	Other	Cost Pool Equals Subaccount	Directly Assigned to Regulated	Directly Assignable	
6534 Plant Operations Administration Expense	Administrative	Cost Pool Equals Subaccount Net of Clearance Subaccount	Plant Repair and Maintenance Wages and Salaries Accounts 6211-6232, 6311-6362, 6411- 6441	Indirectly Attributable	The balance remaining in Account 6534 after clearance represents indirect supervision and support related to maintenance activities.
	Other: Regulated	Cost Pool Equals Activity Codes and Subaccounts	Directly Assigned to Regulated	Directly Assignable	
	Other: Nonregulated	Cost Pool Equals Activity Codes and Subaccounts	Directly Assigned to Nonregulated	Directly Assignable	
	Other: Shared	Cost Pool Equals Residual of Account	Plant Support Wages and Salaries Accounts 2211-2232, 2311-2362, 2411-2441, 2681- 2690, 6211-6232, 6311-6362, 6411-6441	Indirectly Attributable	

**COST APPORTIONMENT METHODOLOGY**  
Plant Nonspecific Operations Expense

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
6535 Engineering Expense	Administrative	Cost Pool Equals Subaccount Net of Clearance Subaccount	Plant Engineering Wages and Salaries Accounts 6211-6232, 6311-6362, 6411-6441	Indirectly Attributable	The balance remaining in Account 6535 after clearance represents indirect supervision and support related to engineering activities.
	Other: Regulated	Cost Pool Equals Activity Codes and Subaccounts	Directly Assigned to Regulated	Directly Assignable	
	Other: Nonregulated	Cost Pool Equals Activity Codes and Subaccounts	Directly Assigned to Nonregulated	Directly Assignable	
	Other: Shared	Cost Pool Equals Residual of Account	Engineering Wages and Salaries Accounts 2211-2232, 2311-2362, 2411-2441, 2681-2690, 6211-6232, 6311-6362, 6411-6441	Indirectly Attributable	
6540 Access Expense	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
6561 Depreciation Expense - Telecommunications Plant In-Service	Central Office	Relative Charges/Credits to Account 3100 Central Office Subaccounts Excluding Equal Access, Network Reconfiguration and Central Office Embedded Investment in Individual Items of Small Value	Relative Cost: Central Office Investment Accounts 2211-2232 Accounts Less Equal Access, Network Reconfiguration and Central Office Embedded Investment in Individual Items of Small Value	Indirectly Attributable	Central Office cost pool is created through the relative time and expense charges reported to the Account 3100 Field Reporting Codes representing detailed plant accounts. Note that this cost pool excludes the amortization expense related to the embedded investment in Central Office test equipment and tools costing between \$200 and \$500 which is being amortized over an eight-year period in Account 6565 as specified in CC Docket No. 87-135.
	Information Origination/Termination	Relative Charges/Credits to Account 3100 Information Origination/Termination Subaccounts Excluding Nonregulated CPE, Large Private Branch Exchanges, Public Telephone Terminal Equipment and Equal Access	Relative Cost: Information Origination/Termination Investment Accounts 2311-2362 Less Accts. 2311, 2341, 2351 and Equal Access	Indirectly Attributable	Information Origination/Termination cost pool is created through the relative time and expense charges reported to the Account 3100 Field Reporting Codes representing detailed plant accounts.
	Cable and Wire Facilities	Relative Charges/Credits to Account 3100 Cable and Wire Facilities Subaccounts Excluding Equal Access and Network Reconfiguration	Relative Cost: Cable and Wire Facilities Investment Accounts 2411-2441 Accounts Less Equal Access and Network Reconfiguration	Indirectly Attributable	Cable and Wire Facilities cost pool is created through the relative time and expense charges reported to the Account 3100 Field Reporting Codes representing detailed plant accounts.

**COST APPORTIONMENT METHODOLOGY**  
Customer Operations Expense

USOA - Part 32 Account	Cost Pools	Cost Pool Apportionment Basis	Regulated/Nonregulated Apportionment Basis	Cost Definition	Comments
6621 Call Completion Services	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
6622 Number Services	Cost Pool Equals Account	_____	Directly Assigned to Regulated	Directly Assignable	
6623 Customer Services	Customer Services: Nonregulated & Payphone Commissions	Cost Pool Equals Subaccounts	Directly Assigned to Nonregulated	Directly Assignable	This cost pool consists of nonregulated Customer Services costs and payphone commissions identified through time and expense reporting to subaccounts and costs that are billed by others including the following: <ul style="list-style-type: none"> <li>• Coin Collecting</li> <li>• Coin Counting</li> <li>• Assigning Coin Routes</li> <li>• Internal Coin Safeguarding</li> </ul>
	Customer Services/Service Order Processing	Cost Pool Equals Subaccounts	Service Order Analysis	Directly Attributable	This cost pool consists of Customer Services and service order processing costs identified through time and expense reporting to subaccounts including: <ul style="list-style-type: none"> <li>• Service Order Negotiation</li> <li>• Billing and Miscellaneous Inquiries</li> <li>• Payment Arrangement Negotiation</li> </ul>
	Customer Billing and Collection	Cost Pool Equals Subaccounts	Relative Regulated/ Nonregulated Telecommunications Operating Revenues	Directly Attributable	This cost pool consists of message processing customer billing and collection costs (not directly assigned to the regulated cost pool) identified through time and expense reporting to subaccounts including: <ul style="list-style-type: none"> <li>• Customer Bill Accounting</li> <li>• Remittance Processing</li> <li>• Customer Bill Mailing</li> </ul>
	Customer Billing and Collection: Bill Processing and Rendering - Regulated	Cost Pool Equals Subaccounts	Directly Assigned to Regulated	Directly Assignable	This cost pool consists of regulated bill processing and rendering billing and collection costs including amounts paid to other carriers.